

## REMARKS

This is intended as a full and complete response to the Office Action dated January 20, 2004, having a shortened statutory period for response extended one month set to expire on May 20, 2004. Claims 15-30 are pending in the application. Claims 31-34 have been added. Please reconsider the claims pending in the application for reasons discussed below.

### **Rejections Under 35 U.S.C. § 103**

Claims 15, 16, and 18-30 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over *Scott, et al.* (U.S. 5,979,571) in view of *Beaton* (U.S. 6,009,962).

Applicant respectfully traverses the rejection. *Scott, et al.* discloses a milling and drilling tool having two positioning schemes. The first positioning scheme includes a plurality of durable inserts placed on the tool so they extend farther outwardly than a plurality of harder inserts to allow the durable inserts to wear away completely at the approximate time that the casing has been penetrated. The second positioning scheme includes composite cutting inserts, wherein each insert is formed as a composite of several different types of materials with at least one more durable material being used to shield a less durable but harder material. *Beaton* discloses a rotary drill bit having a leading surface formed from a solid infiltrated matrix material. The references, neither alone nor in combination, teach, show, or suggest a rotary drill bit comprising a bit body, a first set of the cutting elements adapted for milling casing material and a second set of the cutting elements adapted for drilling subterranean formation material, wherein the first and second sets are arranged in a common radial row, as recited in amended claims 15, 16, and 18-21. Further, the references, neither alone nor in combination, teach, show, or suggest a rotary drill bit for milling casing material and drilling subterranean formation material, comprising a bit body having a plurality of cutting elements extending from the bit body, a first set of the cutting elements adapted for milling casing material and a second set of the cutting elements adapted for drilling subterranean formation material, wherein the cutting elements of the first and second sets are substantially interspersed on a surface of the bit body and the first set of cutting elements has a tip exposure substantially equal to a tip exposure of the second set of cutting elements, as recited in

amended claims 22-28. Additionally, the references, neither alone nor in combination, teach, show, or suggest a method of drilling a lateral wellbore, comprising positioning a rotary drill bit disposed on a drill string proximate a desired location in a cased wellbore, the rotary drill bit comprising a second set of the cutting elements, wherein the cutting elements of the first and second sets are substantially interspersed on a surface of the bit body and the first set of cutting elements has a tip exposure substantially equal to a tip exposure of the second set of cutting elements, as recited in amended claims 29 and 30. Therefore, Applicant believes claims 15, 16, and 18-30 are in condition for allowance, and respectfully request allowance of the same.

### **Allowable Subject Matter**

Claim 17 stands objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims. Accordingly, Applicant has rewritten claim 17 as new claim 31. Therefore, Applicant believes new claim 31 is in condition of allowance, and respectfully requests allowance of the same.

### **New Claims**

Claims 32-34 have been added to better define an aspect of the present invention. Applicant submits that no new matter was added. Furthermore, Applicant believes that the references cited by the Examiner, alone or in combination, do not teach, show, or suggest the invention disclosed in new claims 32-34. Therefore, Applicant believes new claims 32-34 are in condition for allowance, and respectfully requests allowance of the same.

## **CONCLUSION**


The references cited by the Examiner, alone or in combination, do not teach, show, or suggest the invention as claimed.

The secondary references made of record are noted. However, it is believed that the secondary references are no more pertinent to the Applicant's disclosure than the primary references cited in the office action. Therefore, Applicant believes that a

detailed discussion of the secondary references is not necessary for a full and complete response to this office action.

Having addressed all issues set out in the office action, Applicant respectfully submits that the claims are in condition for allowance and respectfully request that the claims be allowed.

Respectfully submitted,



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William B. Patterson

Registration No. 34,102

MOSER, PATTERSON & SHERIDAN, L.L.P.

3040 Post Oak Blvd. Suite 1500

Houston, TX 77056

Telephone: (713) 623-4844

Facsimile: (713) 623-4846

Attorney for Applicant